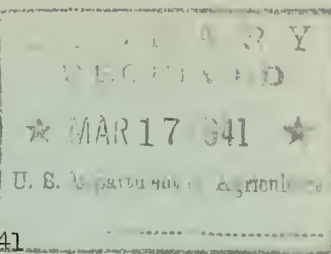


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UNITED STATES DEPARTMENT OF AGRICULTURE
Office of Information

AND-18-41

March 14, 1941

Part I - ~~STRICTLY CONFIDENTIAL~~

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AGRICULTURE AND NATIONAL DEFENSE

GUY BUSH, AAA INFORMATION SPECIALIST, WILL TAKE A FIRST HAND REPORT on farming conditions in South America to State Triple-A Committees, starting late this month. In Argentina, Bush observed corn bought by the government at about 20 cents a bushel used as fuel in power plants and factories. Farmers refused to buy the corn back at 5 cents a bushel. This bears out the axiom often quoted by Argentine farmers: "No matter how cheap corn is--grass is cheaper." Practically all of the 1940 crop still is stored in open cribs. An estimated 30 percent already is spoiled and another year of storage would reduce usable portion to about 20 percent. Bush confirms reports that this year's crop, now approaching maturity, probably will be the biggest on record.

BECAUSE OF THE ALMOST FEUDALISTIC SYSTEM UNDER WHICH FARMS are operated in Argentina, Bush reports an utter disregard for conservation--"a country still so productive they have not yet formed an appreciation for the soil." The typical unit is a centrally located cattle ranch surrounded by tenant operated farms producing corn, wheat, and flax. These land holdings are large compared to our slightly similar Southern plantations, often having from 100 to 200 tenants. As a result, there is no middle class. Many of the landowners are extremely wealthy. Most of the tenants are at the other end of the scale. Under the present system there is little opportunity for tenants to become landowners. Crop surpluses and weak markets have depressed the average farmer of this class. There is a hopelessness evident among many that reminded Bush of the first two years of the 1930's in this country. Thinking of the average farmer hasn't advanced to the point of controlled production.

RIGHT NOW, THE ARGENTINE GOVERNMENT IS ERECTING large warehouses for storing surplus grain. But only wheat and flax are going into this type of storage. Corn isn't worth it.

IN BRAZIL, BUSH OBSERVED FURTHER EVIDENCE OF COTTON EXPANSION and room for considerable more. This year's coffee crop is a near failure because of drought. Only 30 percent of normal crop will be harvested. But warehouses are full.

SUMMARY OF FOREIGN DEVELOPMENTS: FRANCE: PROVISIONING OF FRANCE because of the poor 1940 crops and the virtual cessation of imports presents a grave problem. Forced to live on its own resources and divided into zones, the borders of which resemble frontiers, France can neither effect the necessary imports nor distribute commodities in the various parts of the country. Wheat and feedstuff shortages present especially serious problems. Supplies of vegetable fats are exhausted. The feedstuff shortage has not only resulted in reduced milk and butter production, but it is expected to have serious consequences as regards the future of the livestock industry. Production of farm products in 1941 will be unfavorably affected by a shortage of farm labor, draft animals, fuel for tractors, agricultural machinery, and certain fertilizers and fungicides.

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NETHERLANDS: Normally, the livestock industry of the country is largely dependent upon imported oilcake and corn, the supplies of which are about exhausted. Increased slaughterings of hogs and cattle for export, therefore, are likely in the near future. Strenuous efforts will be made, however, to maintain milk cow numbers at existing levels in order to maintain butter exports to Germany. Press reports indicate that the Netherlands still has 1,250,000 milk cows, but that about 20 percent of these are scheduled for slaughter in the near future for export to Germany. Hog numbers are estimated at 900,000 compared with the May 1939 estimate of 1,553,000. Further meat rationing is anticipated in order that Germany's demands for cattle and hogs may be met.

YUGOSLAVIA: THE FOODSTUFF SITUATION in Yugoslavia may reach a critical stage by July 1, 1941, because of poor yields from 1940 crops. Supplies on hand are not expected to be sufficient for domestic needs until the next harvest, even with rationing, except possibly in the case of potatoes, corn and dried beans. Animal feedstuffs on hand will probably suffice to take care of the reduced livestock numbers. No rationing system has been placed in operation as yet. The only control to date is the enforcement of measures forbidding retailers to sell to consumers in quantities greater than normal requirements. The aim is to prevent food hoarding.

SPAIN: THE GOVERNMENT HAS PURCHASED 120,000 BALES OF ARGENTINE COTTON. Beginning after a period of one year payment is to be made over a 33-month period, principally with proceeds realized from Spanish exports to Argentina.

The Spanish Cabinet has agreed on an arrangement to be made with Argentina for the purchase of 500,000 tons of wheat for approximately 35,000,000 pesos (\$10,400,000). Acceptance of the arrangement has been indicated by the Argentine Government. The principal guarantee of the transaction will be the shares of the Spanish-controlled Companie Hispania-Americana de Electricidad and of the affiliated Compania de Electricidad, the combined approximate value of which is estimated to be the sum of the credit involved. The wheat will be paid for over a period of five years by annual installments.

SWITZERLAND: The Government is endeavoring to make the country independent of agricultural imports this year. With that end in view, special efforts are now being made to increase the areas sown to potatoes, sugar beets, rape seed and poppy seed.

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Part II - FOR ADMINISTRATIVE USE

AGRICULTURE AND NATIONAL DEFENSE

NITRATE SUPPLIES ARE SHIPPED HERE FROM CHILE: The first of 100,000 tons of Chilean nitrates, to be brought to the U.S. for storage in the South Atlantic and Gulf Coast States, began to move from Chile to the U.S. last week. Shipping arrangements were made by the Defense Supplies Corporation. The nitrates, part of a 300,000 ton consignment bought last fall from the Chilean Nitrate and Iodine Sales Corp., of Santiago, will be put away as reserves in warehouses in five Southern cities: Gulfport, Miss., Mobile, Ala., Savannah, Ga., Panama City, Fla., and Charleston, S.C. These stores may be drawn upon in case of any shortage in supplies either for farm fertilizers or munitions manufacture. The remaining 200,000 tons will be left in Chile for the time being.

FOUR MORE DEPARTMENT AGENCIES GIVEN DEFENSE RATING: Four more USDA units received defense rating as a result of a recent ruling by the U.S. Civil Service Commission. They are: The Bureau of Entomology and Plant Quarantine, the Bureau of Plant Industry, the entire Agricultural Adjustment Administration, and the whole Soil Conservation Service. (Divisions in the last two agencies had been designated previously). The defense agencies in the Department now total seventeen.

SUMMARY OF FOREIGN DEVELOPMENTS: GERMANY: Negotiations conducted in Finland since the end of February resulted in the extension of the German-Finnish trade agreement during 1941. Germany agrees to deliver stipulated amounts of coal, coke, fertilizers, sugar, and iron and steel products. Finland will deliver in return specified quantities of wood, cellulose, ores, and certain agricultural products. The respective deliveries agreed upon by Germany and Finland are considerably greater than the trade between the two countries in 1940. Under the new agreement Germany will take during 1941 the equivalent of one-half of Finland's total normal exports. Moreover, the quantities of goods Finland agrees to send to Germany will be 25 percent greater than all Finnish exports in 1940.

The main change in the rations of principal foodstuffs for the next rationing period, i.e., April 7, 1941 to May 4, 1941, is the division of bread consumption into wheat and rye bread. The country is divided into four zones in each of which different bread ratios, based on consumption before the war, are laid down for wheat and rye bread respectively. The total bread and flour ration remains the same, the only difference being that a certain percentage of the coupons will be valid only for rye products while the balance will be good for wheat products.

Butter schmalz will not be distributed during the next rationing period. In compensation, both the butter and margarine rations of the normal consumer will be increased by 62.5 grams. In the case of butter this means raising the ration from 437.5 grams to 500 grams, and as regards margarine from 327.5 to 390 grams. Children and adolescents will receive 125 grams of butter in place of 100 grams of butter schmalz. A special allotment of 125 grams of rice will again be made.

SWEDEN: A ship now loading in Goteborg for the United States is expected to sail in the near future with wood pulp, paper and steel goods. The present schedule in Sweden calls for only one ship monthly to the United States because of the difficulty of obtaining return cargo as a result of American export embargoes. It is indicated that Swedish imports from the United States via Petsamo would be terminated as long as the Goteborg-New York route continues in operation.

ARGENTINA: Substantial quantities of wool purchased by the United States are awaiting shipping space.

